TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 1208 - SB 1110

March 15, 2017

SUMMARY OF BILL: Prohibits the Department of Conservation and Environment (TDEC) from outsourcing the management, operation, preservation of Tennessee state parks (TSP), including buildings, facilities, structures, or improvements, to private contractors and companies. Exempts existing contracts and obligations made prior to July 1, 2017.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - $45,300/FY17-18
$50,500/FY18-19
$73,300/Each FY19-20 and FY20-21
$100,700/Each FY21-22 and FY22-23
Exceeds $135,700/FY23-24 and Subsequent Years

Assumptions:

- Currently, there are 20 TSP facilities that are operated by private companies or individuals; 16 of such facilities are operated under licensing agreements.
- According to TDEC, the department does not make any payments to such private entities as part of the licensing agreements. Such agreements are considered revenue-sharing agreements where the operator retains a portion of the operating revenue collected and a portion of the operating revenue is remitted to the state ultimately deposited into the state General Fund. TDEC further indicates that the department will not provide the services currently provided by these entities in the event that these agreements are terminated. As a result, any impact on state expenditures is estimated to be not significant; but there will be reductions in state revenue to the General Fund as a result of the bill.
- It is assumed that licensing agreements expiring before July 1, 2017, will be renewed for a three-year period under current law, and that services provided by such agreements will be discontinued at the expiration of the renewed agreement as a result of this bill. Agreements that are expiring after July 1, 2017 will not be renewed pursuant to this bill.
- The proposed bill will prohibit the renewal of any TSP agreements, including long-term agreements for equestrian facilities, restaurants, zip lines, tube floating, boat rentals, camp stores, and marinas that are operated by private contractors and companies. As a result, the state will realize a decrease in revenue from such operations once the agreements expire and such services are discontinued.

- In FY15-16, the state revenue generated from seven TSP agreements that are scheduled to expire in FY17-18 totaled $45,306; therefore, the recurring decrease in state revenue to the General Fund beginning in FY17-18 is estimated to be $45,306.
- In FY15-16, the state revenue generated from four TSP agreements that are scheduled to expire in FY18-19 totaled $5,209; therefore, the recurring decrease in state revenue to the General Fund beginning in FY18-19 is estimated to be $50,515 ($45,306 + $5,209).
- In FY15-16, the state revenue generated from five TSP agreements that are scheduled to expire in FY19-20 totaled $22,754; therefore, the recurring decrease in state revenue to the General Fund beginning in FY19-20 is estimated to be $73,269 ($50,515 + $22,754).
- In FY15-16, the state revenue generated from one TSP agreement that is scheduled to expire in FY21-22 totaled $27,404; therefore, the recurring decrease in state revenue to the General Fund beginning in FY21-22 is estimated to be $100,673 ($73,269 + $27,404).
- In FY15-16, the state revenue generated from one TSP agreement that is scheduled to expire in FY23-24 totaled $34,999; therefore, the recurring decrease in state revenue to the General Fund beginning in FY23-24 is estimated to exceed $135,672 ($100,673 + $34,999).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista M. Lee

Krista M. Lee, Executive Director

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